



THE CITY OF SAN DIEGO

September 18, 2007

**Honorable Mayor and Members of the City Council
City of San Diego, California**

AUDIT OF ACCOUNTS OF CATHY LEXIN FORMER DEPARTMENT DIRECTOR, HUMAN RESOURCES DEPARTMENT

In accordance with the requirements of Article VII, Section 111 of the City Charter, the Auditor and Comptroller staff performed a close-out audit due to the May 16, 2005 resignation of Cathy Lexin, former Department Director of the Human Resources Department. During our examination we reviewed financial records to verify that Ms. Lexin had no outstanding debts to the City. Financial records reviewed included payroll, travel advances, and procurement card activity. Additionally, audit staff has verified that system access and payment approval authority was revoked.

During our review, we found the salary data transmitted to the San Diego City Employees' Retirement System for Ms. Lexin's final pay period was inaccurate as a result of termination paperwork not being processed in a timely manner. The salary data is in the process of being manually corrected, and no overpayments were made. Additional procedures have been implemented to mitigate the control weakness that caused the data to be misstated.

Based on our examination, Ms. Lexin had no outstanding debt to the City.

The International Standards for the Professional Practice of Internal Auditing, section 1130 - Impairment to Independence or Objectivity, states that if independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to appropriate parties. The accuracy of Ms. Lexin's final payroll payment was reviewed as part of this close-out audit. As the former Payroll Manager, the Interim Internal Auditor was responsible for payroll transactions and is not independent for this portion of the close-out audit. However, an independent auditor did review the payroll transaction for accuracy.



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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kyle Elser", with a long horizontal flourish extending to the right.

Kyle Elser
Interim Internal Auditor

cc: Michael Aguirre, City Attorney
Jay Goldstone, Interim Chief Operating Officer/Chief Financial Officer
Stanley Keller, Independent Oversight Monitor
Andrea Tevlin, IBA